BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

FORTY-FIRST ANNUAL REPORT

for the year ended

December 31, 1990

92-07323/

REPORT FOR THE YEAR 1990

The Board held 23 public hearings during the year. Of these 19 were held under The Motor Carrier Act and The Motor Vehicle Transport Act, 1987. 3 were held under The Public Utilities Act and 1 was held under The Electrical Power Control Act.

The Board, on June 11, 1990, issued a Report to the Minister of Mines & Energy on a Referral by Newfoundland and Labrador Hydro for proposed rates to be charged to retail customers.

Throughout the year the Members of the Board and supervisory staff attended meetings, both Provincial and National, on matters of concern to the Board.

The following report summarizes the work of the Board during the year under review and also includes the reports of the activities of the various public utilities subject to the jurisdiction of the Board.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

FORTY-FIRST ANNUAL REPORT

for the year ended

December 31, 1990

TO:

HONOURABLE AUBREY GOVER,
Minister of Justice (Acting).

Honourable Sir:

We have the honour to submit herewith the Annual Report of the Board of Commissioners of Public Utilities for the year ended December 31, 1990.

We have the honour to be,

Sir,

Your obedient servants,

R.E. Good, Chairperson
L.E. Galway, C.A., M.B.A., Commissioner.

PROGRESS REPORTS

DEER LAKE POWER COMPANY LIMITED

Energy generated at the Deer Lake and Watson's Brook Plants in 1990 totalled 844,708,000 KWH while purchases from Newfoundland and Labrador Hydro totalled 16,508,813 KWH. Secondary energy sales to Newfoundland & Labrador Hydro were minimal (282,206 KWH) because of below normal run-off conditions during most of the year.

Capital and special repair expenditures in 1990 totalled $1,101,000 as compared with $797,000 in 1989. Capital expenditures ($1,103,000) included the installation of seven climatological stations on the Grand Lake Watershed (cost shared with the Department of Environment); installation of oil storage tanks at Deer Lake; installation of SCADA system; rehabilitation work at Main Dam and the conversion of Unit No. 7 from 50 cycle to 60 cycle operation. Special repairs ($99,000) included repairs to a buttress at Main Dam and vegetation control on a section of the transmission line right-of-way.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

The electricity produced by the Company and purchased for resale during 1990 increased by 5.4% to 4,464 million kilowatt hours. Of this amount, 409 million kilowatt hours were generated in the Company's own plants, while 4,055 million kilowatt hours were purchased from Newfoundland and Labrador Hydro.

Electricity sold in 1990 increased by 6.1% to 4,236 million kilowatt hours. However, when adjustments are made to approximate normal weather conditions, the real growth in sales is 5.4%. The number of customers served increased 2.0% to 192,365. Sales to Electric Heating and All-Electric customers, for all their electrical needs, totalled 2,522 kilowatt hours or 59.5% of the total energy sold.

Effective February 1, 1990, rates charged by the Company were revised to provide an increase in electrical revenue of 3.91% based on a return on average common equity of 13.95% for the test year 1990. On July 1, 1990, the wholesale rate Newfoundland and Labrador Hydro charges the Company increased by 8% from 41.95 mills/kwh to 45.31 mills/kwh resulting in an increase in rates to our customers of 4.67%. Also on July 1, 1990, rates were increased an additional 3.8% because of a depletion in the credit balance of the Rate Stabilization Account (RSA).

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Capital expenditure for the year amounted to $67.1 million and is made up as follows:

Energy Supply	$ 5.1 million
Transmission	4.3 million
Substations	9.7 million
Distribution	30.8 million
General Property	11.1 million
Communications	1.0 million
Computing Equipment	5.1 million
TOTAL	$ 67.1 million

THE IRON ORE COMPANY OF CANADA

The Iron Ore Company of Canada reported the number of customers supplied by them with electrical services in the Town of Labrador City.

The figures covering the period from 1985 to 1990 are shown below:

	1985	1986	1987	1988	1989	1990
Municipal						
Domestic	3130	3134	3114	3082	3134	3151
Commercial	139	140	138	134	134	136
Industrial	135	138	140	142	142	141
	3404	3412	3395	3358	3410	3,428

MOTOR CARRIER DIVISION

REGISTRATION

At the commencement of 1990, a total of 2017 motor carriers were licensed with the Board. During the year, 252 Certificates/Licenses were issued and 200 were cancelled so that at the end of 1990, a total of 2069 motor carriers were providing service.

A total of 1298 applications for amendments were received in addition to applications for new Certificates/Licenses. This compares with a total of 1511 the previous years. The Board also received 87 applications for sale, assignment or transfer of Certificates/Licenses compared to 82 in the previous year.

	1989/90	1990/91
Intra-Provincial Freight Vehicles	3718	3710
Extra-Provincial Freight Vehicles	2078	2075
Intra-Provincial Passenger Vehicles	1488	1448
Extra-Provincial Passenger Vehicles	59	52

THE FOLLOWING IS A LIST OF ORDERS WHICH WERE ISSUED BY THE BOARD DURING 1990

SUMMARY OF ORDERS ISSUED UNDER THE PUBLIC UTILITIES ACT, CHAPTER 322, R.S.N. 1970 AND THE PUBLIC UTILITIES ACT, 1989

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Newfoundland Light & Power Co. Limited	Approval of the Board: (i) fixing and determining a rate base; (ii) determining a just and reasonable return based on the existing range for rate of return on common equity; (iii) approving a revised schedule of rates, tolls and charges, and (iv) approving revisions to the rules and regulations.	Approval granted, as modified, as a result of a public hearing.	P.U. 1
Newfoundland Light & Power Co. Limited	Approval of its Capital Expenditure Budget for 1990.	Approval granted, as requested, as a result of a presentation to the Board.	P.U. 2
Newfoundland Light & Power Co. Limited	Approval of it Weather Normalization Reserve.	Approval granted, as requested, without a public hearing.	P.U. 4

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Newfoundland Light & Power Co. Limited	Approval of a Time Payment Plan for contributions in aid of construction for extension of electrical service to all residential customers with a maximum demand not in excess of 10 kilowatts.	Approval granted, as requested, without a public hearing.	P.U. 5
Newfoundland Light & Power Co. Limited	Approval of additional Capital Expenditure for 1990 in the amount of $151,000.	Approval granted, as requested, without a public hearing.	P.U. 6
Newfoundland Light & Power Co. Limited	Approval to revise its schedule of rates, tolls and charges to offset changes in the rates charged by Newfoundland & Labrador Hydro for the supply of electric energy.	Approval granted, as modified, as a result of a public hearing.	P.U. 7
Newfoundland Light & Power Co. Limited	Approval to issue and sell common shares to Fortis Inc.	Approval granted, as a result of a public hearing.	P.U. 8

SUMMARY OF ORDERS ISSUED UNDER

THE ELECTRICAL POWER CONTROL ACT

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Newfoundland & Labrador Hydro	Approval of an alteration in rates to be charged for the supply of power and energy to its retail customer, Newfoundland Light & Power Co. Limited.	Phase I of the Hearing is set for 9:30 A.M. on March 1, 1990. Submissions and supporting exhibits to be filed by noon on February 28, 1990, inter alia.	P.U. 3

SUMMARY OF ORDERS ISSUED UNDER THE MOTOR CARRIER ACT,
CHAPTER 242, R. S. N. 1970 AND/OR THE MOTOR VEHICLE TRANSPORT ACT, 1987

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Bailiffs Incorporated Goulds, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR RESTRICTED FREIGHT SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 18
Bradley, Gordon Bonavista, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER BUS SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 10
Collier, Eric J. St. Alban's, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER BUS SERVICE etc.	Application denied, as a result of a public hearing.	M.C. 14
Farrell, James Port Aux Basques, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR GENERAL FREIGHT SERVICE.	Approval granted, as requested, as a result of a public hearing.	M.C. 3
Fisher, C.E. Transport Limited, Brookfield, N.S.	Extra-Provincial Operating License to provide an IRREGULAR GENERAL FREIGHT SERVICE.	Approval granted, as requested, as a result of a public hearing.	M.C. 9
Isaacs, James Burin, NF.	Amendment to Motor Carrier Certificate No: 5156 to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER BUS SERVICE.	Approval granted, as requested, as a result of a public hearing.	M.C. 15

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Liquidus Limited Etobicoke, ONT.	Extra-Provincial Operating License to provide an IRREGULAR SPECIALTY TANK FREIGHT SERVICE etc.	Approval granted, as requested, as a result of a Special Meeting of the Board.	M.C. 6
Moores, Clifton Anchor Point, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR RESTRICTED FREIGHT SERVICE etc.	Approval granted, as amended, as a result of a public hearing.	M.C. 19
O'Connell, Philip Corner Brook, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER TAXI SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 5
O.B. Transport Ltd Stephenville, NF.	Amendment to Motor Carrier Certificate No: 5930 to provide an IRREGULAR SPECIALTY TANK FREIGHT SERVICE and an IRREGULAR SPECIALTY LOWBED FREIGHT SERVICE etc.	Denied as a result of a public hearing.	M.C. 4
10084 Newfoundland Limited St. John's, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY FREIGHT SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 16
Our Lady of Lourdes-Knights of Columbus Lourdes, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY AMBULANCE SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 21
Parsons, Nelson Bay Roberts, NF.	Amendment to Motor Carrier Certificate No: 2472, to provide an IRREGULAR GENERAL FREIGHT SERVICE etc.	Approval granted, as amended, as a result of a public hearing.	M.C. 1

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
R & R. Trucking Limited Heatherton, NF.	Amendment to Motor Carrier Certificate No: 6000 to provide an IRREGULAR SPECIALTY TANK FREIGHT SERVICE etc.	Denied as a result of a public hearing.	M.C. 12
Reid, Hedley Spaniard's Bay, NF	Certificate of Public Convenience and Necessity to provide an IRREGULAR RESTRICTED FREIGHT SERVICE etc.	Denied as a result of a public hearing.	M.C. 2
Riteway Delivery Ltd Saint John, N.B.	Extra-Provincial Operating License to provide an IRREGULAR SPECIALTY TANK FREIGHT SERVICE etc.	Approval granted, as requested, as a result of a Special Meeting of the Board.	M.C. 8
Sea Tours Limited o/a Bay St. George Bus Service, Stephenville, NF.	Certificate of Public Convenience and Necessity to provide an REGULAR PUBLIC PASSENGER BUS SERVICE etc.	Approval granted, as modified, as a result of a public hearing.	M.C. 11
Southwell, William Stephenville, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR GENERAL FREIGHT SERVICE.	Approval granted, as requested, as a result of a public hearing.	M.C. 20
Tavenor, Roy S. o/a Gander Taxi Gander, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER TAXI SERVICE etc., and an IRREGULAR PUBLIC PASSENGER TAXI SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 13

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Vardy Villa Limited Clarenville, NF.	Certificate of Public Convenience and Necessity to provide an IRREGULAR SPECIALTY PUBLIC PASSENGER BUS SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 17
Volume Tank Freight Inc. Mississuaga, ONT.	Extra-Provincial Operating License to provide an IRREGULAR SPECIALTY TANK SERVICE etc.	Approval granted, as requested, as a result of a public hearing.	M.C. 7

SUMMARY OF ORDERS ISSUED UNDER THE AUTOMOBILE INSURANCE ACT
SECTION 50(2)

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Aetna Casualty and Surety Company	Application to adopt the insurers' advisory organization (I.A.O.) 1989 Commercial Automobile Rating Programme.	Approval granted without a public hearing.	A.I. 26
Anthony Insurance Incorporated on behalf of Maplex General Insurance Group.	Application to (I) adopt to rating program for private passenger and commercial vehicles previously approved by the Board for use by the Insurance Corporation of Newfoundland (ICON) (II) to adopt the rating program of the Insurers' Advisory Organization (IAO) in respect to miscellaneous classes and (III) to adopt the Facility Association surcharges as presently approved by the Board.	Approval granted without a public hearing.	A.I. 8
Anthony Insurance Inc. on behalf of Simcoe Erie Group.	Application to (I) adopt the rating program for private passenger and commercial vehicles previously approved by the Board for use by the Insurance Corporation of Newfoundland (ICON) (II) to adopt the rating program of the Insurers' Advisory Organization (IAO) in respect to miscellaneous classes and (III) to adopt the Facility Association surcharges as presently approved by the Board.	Approval granted without a public hearing.	A.I. 9

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Anthony Insurance Inc. on behalf of Ecclesiastical Insurance Office, P.L.C.	Application to (I) adopt the rating program for private passenger and commercial vehicles previously approved by the Board for use by the Insurance Corporation of Newfoundland (ICON) (II) to adopt the rating program of the Insurers' Advisory Organization (IAO) in respect miscellaneous classes and (III) to adopt the Facility Association surcharges as presently approved by the Board.	Approval granted without a public hearing.	A.I. 13
AXA Home Insurance Company	Application for approval to implement revised rates for the Private Passenger class of business with effect from March 5, 1990, for New Business and April 12, 1990, for Renewals.	Approval granted without a public hearing.	A.I. 1
AXA Home Insurance Company	Application to implement certain revisions to its rating programs for Private Passenger and Miscellaneous Classes.	Approval granted without a public hearing.	A.I. 16
AXA Home Insurance Company	Application to implement revised rates for its Private Passenger class of business.	Approval granted without a public hearing.	A.I. 24

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Continental Insurance Management Ltd. on behalf of The Continental Insurance Company, The Dominion Insurance Corporation, Niagara Fire Insurance Company and Tokio Marine and Fire Insurance Company Limited to amend their rating programs for Private Passenger Vehicles.	Application to amend their rating programs for Private Passenger Vehicles.	Approval granted without a public hearing.	A.I. 15
Co-Operators General Insurance company	Application to implement revised rates for its Private Passenger class of business.	Approval granted without a public hearing.	A.I. 18
Coseco Insurance Company	Application to revise its rating program for Private Passenger Vehicles.	Approval granted without a public hearing.	A.I. 14
E. W. Tinmouth, C.A., Attorney in Canada for Lloyd's Non-Marine Underwriters	Application to revise its rating program for individually rated Private Passenger automobiles.	Approval granted without a public hearing.	A.I. 22
General Accident Assurance Company of Canada	Application to implement revised rates for its Private Passenger class of business.	Approval granted without a public hearing.	A.I. 20
Guardian Insurance Company of Canada	Application to implement revised rates for its Commercial class of business.	Approval granted without a public hearing.	A.I. 21
Metro General Insurance Corp. Ltd.	Application to implement revised rates for Private Passenger and Commercial Vehicles.	Approval granted without a public hearing.	A.I. 17

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
Prudential of America General Insurance Company (Canada)	To revise its rating program for private passenger vehicles.	Approval granted without a public hearing.	A.I. 12
Simcoe Erie General Insurance Company	Application for approval to implement revised rates for Private Passenger vehicles with effect from June 1, 1990.	Approval granted without a public hearing.	A.I. 10
Sun Alliance Canada Group	Application to adopt the Insurers' Advisory Organization (I.A.O.) 1989 Rating Programmes for Private Passenger and Commercial Classes of business.	Approval granted without a public hearing.	A.I. 23
The Facility Association	Application for approval to implement revised rates for Private Passenger and Commercial classes with effect from April 1, 1990.	Approval granted without a public hearing.	A.I. 3
The General Accident Insurance Company	Application for approval to implement revised rates for classes 35, 36, 44, 45, and 47 of the Third Party Liability Section, rate groups 1, 2 and 3 of the Collision category and a general revision to the Comprehensive and accident benefits with effect from May 1, 1990 for New Business and June 2, 1990 for Renewals.	Approval granted without a public hearing.	A.I. 2
The General Accident Insurance Company	Application for approval to implement revised rates for Collision coverage for all rate groups in addition to those as specified in Board Order No. A.I. 2(1990).	Approval granted without a public hearing.	A.I. 5

NAME OF APPLICANT	APPLICATION	DECISION	ORDER NO.
The Royal Insurance Company of Canada	Application for approval to implement revised rates for the Private Passenger class of business with effect from June 1, 1990 for New Business and July 15, 1990 for Renewals.	Approval granted with a public hearing.	A.I. 7
The Sovereign General Insurance Company	Application for approval to implement revised rates for its Private Passenger class of business with effect from April 1, 1990.	Approval granted without a public hearing.	A.I. 4
The Sovereign General Insurance Company	Application to implement revised rates for its Private Passenger class of business.	Approval granted without a public hearing.	A.I. 25
The Wellington Insurance Company	Application for approval to implement revised rates for Territories 1 and 2 of its Private Passenger class of business with effect from May 1, 1990 for New Business and June 1, 1990 for Renewals.	Approval granted without a public hearing.	A.I. 6
Unifund Assurance Company	Application to implement revised rates for its Private Passenger class of business, excluding those classifications designated as Star Plan and Facility of Surcharged Rates.	Approval granted without a public hearing.	A.I. 19
Wawanesa Mutual Insurance Company	Application for approval to implement revised rates for Private Passenger and Commercial vehicles with effect from August 1, 1990.	Approval granted without a public hearing.	A.I. 11

Doane Raymond

Chartered Accountants

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Auditors' Report

To the Members of the
Board of Commissioners of Public Utilities

We have audited the balance sheet of the Board of Commissioners of Public Utilities as at December 31, 1990 and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 17, 1991

Doane Raymond
Chartered Accountants

Associate firm of
Grant Thornton

Board of Commissioners of Public Utilities
Balance Sheet

December 31, 1990	1990	1989
Assets		
Current		
Cash and term deposits	$ 561,160	$1,028,313
Receivables		
Hearing costs	152,598	235,774
Assessments and fees	10,312	25,225
Accrued interest	2,229	6,689
Prepaid expenses	810	14,780
	727,109	1,310,781
Investments (Note 2)	45,125	45,125
Designated pensions funds (Note 3)	916,100	
	$1,688,334	$1,355,906
Liabilities		
Current		
Payables and accruals	$ 144,425	$ 152,014
Motor carriers' deposits	28,532	27,905
Hearing cost deposits	1,144	1,999
	174,101	181,918
Pension fund obligations (Note 3)	988,000	904,000
	1,162,101	1,085,918
Surplus		
Surplus	526,233	269,988
	$1,688,334	$1,355,906

Commitments (Note 4)

Contingent liability (Note 5)

On Behalf of the Board

Chairman

Commissioner

Doane Raymond

Board of Commissioners of Public Utilities
Statement of Revenue, Expenditures and Surplus
Year Ended December 31, 1990

	1990	1989
Revenue		
Assessments	$ 639,739	$ 882,696
Certificates - motor carriers	709,279	712,193
Investment income	140,488	92,241
Administrative costs recovery	117,124	46,528
Applications and amendments	27,057	32,424
Fines	9,495	3,470
Hearings	4,750	24,000
Miscellaneous	13,417	13,399
	1,661,349	1,806,951
Expenditures		
Insurance	252	419
Licence plates	9,674	10,276
Miscellaneous	11,858	6,210
Office supplies and printing	48,955	69,222
Pension costs	159,570	81,458
Postage	10,963	14,677
Professional services	182,546	205,815
Rent	134,432	95,250
Salaries and benefits	762,450	884,650
Telephone and telegraph	17,028	17,582
Travelling	54,047	25,322
Travel - memberships and registration	13,331	17,890
Vehicle operating		681
	1,405,104	1,429,452
Excess of revenue over expenditures	256,245	377,499
Surplus (deficit), beginning of year	269,988	(107,511)
Surplus, end of year	$ 526,233	$ 269,988

Doane Raymond

Board of Commissioners of Public Utilities
Statement of Changes in Financial Position
Year Ended December 31, 1990

	1990	1989
Cash provided from (used for)		
Operating activities		
Excess of revenue over expenditures	$ 256,245	$ 377,499
Changes in		
Receivables	102,549	(183,767)
Prepaid expenses	13,970	(3,005)
Payables and accruals	(7,589)	57,295
Motor carriers' deposits	627	3,849
Hearing cost deposits	(855)	(1,650)
	364,947	250,221
Financing activities		
Increase in pension fund obligations	84,000	67,000
Investing activities		
Increase in designated pension funds	(916,100)	
Net cash provided (used)	(467,153)	317,221
Cash and term deposits, beginning of year	1,028,313	711,092
Cash and term deposits, end of year	$ 561,160	$1,028,313

Board of Commissioners of Public Utilities
Notes to Financial Statements
December 31, 1990

1. Accounting policies

Operating revenue and expenditures
Operating revenue and expenditures are accounted for on the accrual basis.

Capital expenditures
The Board follows a policy of writing off all capital expenditures to expense in the year of acquisition.

The estimated cost of equipment and furnishings being utilized by the Board as at December 31, 1990 is $160,000.

2. Investments, at cost

	Market Value	Cost
Royal Bank Mortgage Corporation		
12.5% mortgage certificates, maturing June 8, 1990	$ 10,000	$ 10,000
Province of Newfoundland and Labrador		
6 3/4% sinking fund debentures, maturing January 15, 1992	9,585	9,875
10% sinking fund debentures, maturing February 17, 1996	23,663	25,250
	$ 43,248	$ 45,125

3. Pension plan

During the year the Board established a designated fund in the amount of $916,100 and has deposited this amount with the Royal Trust Corporation of Canada. The balance of this designated fund as at December 31, 1990 was $916,100.

The pension fund obligations of $988,000 includes the present value of the accrued pension benefits less current payments for four commissioners as indicated by an actuarial report prepared in 1988 plus the pension commitments on behalf of a former commissioner and a former employee of the Board based on estimates prepared by management.

The pension expense of $159,570 (1989 - $81,458) includes the estimated annual future costs of $67,000 as indicated by the actuarial report plus the current payments and estimated future costs of the pension commitments on behalf of a former commissioner and a former employee of the Board.

4. Commitments

Rentals
The Board has annual commitments for rental equipment of approximately $13,000 for the year ending December 31, 1991 and varying amounts for the following two years.

5. Contingent liability

The Board is a defendant in an action for alleged negligence. The amount of the claim against the Board is $827,500. The action is being contested by the Board and the ultimate liability is estimated at $150,000. The costs which may result from the settlement of this action will be charged to income in the period in which the settlement occurs.